TOMORROW'S **STEEL SOLUTIONS**

INTERIM REPORT 3RD QUARTER 2013

SCHMOLZ + BICKENBACH AG

Providing special steel solutions

OUR KEY FIGURES

	Unit	1.1.–30.9.2013	1.1.–30.9.2012 [1]	Change from prior year %	Q3 2013	Q3 2012 [1]	Change from prior year %
SCHMOLZ+BICKENBACH Group							
Sales volume	kilotons	1 563	1 603	-2.5	500	469	6.6
Revenue	million EUR	2 524.7	2 806.9	-10.1	784.2	832.0	-5.7
Adjusted EBITDA	million EUR	135.8	152.4	-10.9	39.8	20.6	93.2
Adjusted EBITDA margin	%	5.4	5.4	0.0	5.1	2.5	104.0
Operating profit before depreciation and amortisation (EBITDA)	million EUR	126.6	137.3	-7.8	36.2	11.0	229.1
Operating profit (EBIT)	million EUR	33.9	47.2	-28.2	3.5	-18.9	-118.5
Earnings before taxes (EBT)	million EUR	-39.1	-6.2	530.6	-24.5	-39.0	-37.2
Net income (loss) (EAT)	million EUR	-44.5	-27.2	63.6	-25.6	-43.0	40.5
Investments	million EUR	61.7	85.4	-27.8	29.4	38.5	-23.6
Free cash flow	million EUR	17.5	101.8	-82.8	–	–	–
Total assets	million EUR	2 437.2	2 631.7	-7.4	–	–	–
Shareholders' equity	million EUR	596.3	792.0	-24.7	–	–	–
Equity ratio	%	24.5	30.1	-18.6	–	–	–
Net debt	million EUR	971.5	821.4	18.3	–	–	–
Gearing	%	162.9	103.7	57.1	–	–	–
Employees per closing date	positions	10 099	10 365	-2.6	–	–	–
SCHMOLZ+BICKENBACH share							
Earnings per share [2]	EUR/CHF	-0.39/-0.48	-0.24/-0.29	–	-0.22/-0.27	-0.37/-0.45	–
Shareholders' equity per share	EUR/CHF	4.97/6.08	6.64/8.02	–	–	–	–
Highest/lowest share price	CHF	3.59/2.32	7.72/3.20	–	3.59/2.88	4.61/3.20	–

[1] Adjusted to IAS 19R.
[2] The earnings per share are based on the net income (loss) of the Group after deduction of the portions allocable to the non-controlling interests.

OUR CORPORATE PROFILE

SCHMOLZ+BICKENBACH is one of the leading producers of premium special long-steel products, operating with a global sales and service network. We focus on meeting our customers' specific needs and delivering high-quality products.

Providing special steel solutions

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Stable business development – stronger equity base

Dear shareholders,
As anticipated, we managed to increase the sales volume in the third quarter compared to the same period of the prior year. In contrast, revenue was down due to the decline in commodity prices. Main events of the reporting period were the implementation of the new strategic plan and the election of a new Board of Directors at the extraordinary general meeting of 26 September 2013 as well as a resolution passed to carry out an extensive capital increase. The capital increase was implemented at the beginning of October.

Sound operating profit
Having remained well below the prior-year level throughout the first half of 2013, sales volume increased for the first time in the third quarter of 2013 compared to the same period of the prior year. At EUR 39.8 million, adjusted EBITDA was up considerably on the prior-year figure of EUR 20.6 million, as anticipated, but failed to match the first two quarters of the year due to seasonal effects. Adjusted EBITDA for the first nine months came in on target at EUR 135.8 million in what remains a tough market environment (1.1.–30.9.2012: EUR 152.4 million). Our customers continue to order at short notice, with deliveries reflecting actual consumption and no stockpiling. Both, order intake and order backlog are up on the prior year. Revenue fell on the prior year despite the increase in sales volume. This is attributable to low commodity prices – in particular for scrap and nickel.

Promote consequent implementation of new strategy roll-out
We have already made early progress with the main cornerstones of the strategy. The realignment into two divisions and six business units is more or less complete. The top positions have been filled and the entire executive team is motivated and working hard to improve customer relations, streamline processes and reduce costs. Preliminary work to contribute the Blankstahl operations to the new S+B Bright Bar have to a large extent been completed. We remain committed to the plan to sharpen the Sales & Services focus on our production activities and high-margin products. This will be implemented as a pilot project in a carefully selected country.

Controlling tool implemented to safeguard earnings improvement programmes
The divisions' earnings improvement programmes have identified around 630 measures so far. Smaller-scale investments have already been approved, while a number of larger investment proposals are being prepared for implementation. The group-wide roll-out of a uniform IT controlling tool was particularly important to us. It gives us an overview of the realisation status at all times, enabling us to make adjustments as necessary. The earnings improvement programme will initially run until 2016 when it will give way to a continual improvement process.

General meeting approves capital increase and elects a new Board of Directors
The extraordinary general meeting of 26 September 2013 approved a capital increase of CHF 438 million with a simultaneous reduction of the par value of shares. A total of 826 875 000 registered shares with a par value of CHF 0.50 were offered to shareholders through the issue of subscription rights at the end of September. The capital increase was successfully completed in early October.

In addition, all of the previous members of the Board of Directors – Dr Hans-Peter Zehnder (Chairman), Dr Marc Feiler (Deputy Chairman), Manfred Breuer, Dr Gerold Büttiker, Roland Eberle, Carl Michael Eichler, Benoît D. Ludwig and Dr Roger Schaack – resigned from the Board as at 26 September. The newly elected Board of Directors consists of seven members: Edwin Eichler (Chairman), Dr Vladimir V. Kuznetsov (Deputy Chairman), Michael Büchter, Marco Musetti, Dr Heinz Schumacher, Dr Oliver Thum and Hans Ziegler.

Thanks to our shareholders, employees and customers

The Board of Directors and Executive Board would like to express our gratitude to all of our shareholders and employees for the confidence they have shown. We also thank our customers and business partners for choosing and remaining loyal to our products and services.

Edwin Eichler
Chairman of the Board of Directors

Johannes Nonn
Chief Executive Officer

BUSINESS MODEL

Tailored solutions

SCHMOLZ + BICKENBACH is an independent and fully integrated steel group with operations around the world. With an integrated dual business model built around Production and Sales & Services, SCHMOLZ + BICKENBACH is able to leverage strategic and operational synergies. An international leader in the field of special long steel, SCHMOLZ + BICKENBACH develops into strategic growth markets with a premium product portfolio and a focus on research and development.

New business model

Strategic Management Holding

Production	**Sales & Services**
DEW	Sales & Services worldwide
Swiss Steel	
Ugitech	
Finkl/Sorel	
S+B Bright Bar	

The strategic realignment of the business model – agreed by resolution in June 2013 – has been completed. The new business model is now based on the two Divisions Production and Sales & Services. After previously operating in the Processing Division, the Steeltec and SCHMOLZ + BICKENBACH Blankstahl Business Units have now been combined into S+B Bright Bar and integrated into the Production Division. In addition, the distribution companies are subject to common management in the new Sales & Services Division. This interim report for Q3 2013 reflects the new segment structure for the first time.

Special long steel differs significantly from standard grades and flat products on a number of points: it can be tailored to customers' exact needs and specific application properties, enabling considerable product differentiation. The production of tailored products calls for extensive know-how in the individual application industries:

_ **Engineering and free-cutting steel** – special materials for extreme stress
_ **Stainless steel** – resistant to rust, acids and heat
_ **Tool steel** – technical application advice as the key to success

It is our long-term aim to position ourselves as an innovative, robust and international producer of special long steel products. Our strategy is geared towards sustainable earnings growth.

1 Management report

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CAPITAL MARKET

SCHMOLZ + BICKENBACH share

The SCHMOLZ + BICKENBACH share is listed on the SIX Swiss Exchange, Zurich. A number of banks and financial institutions regularly analyse the the share.

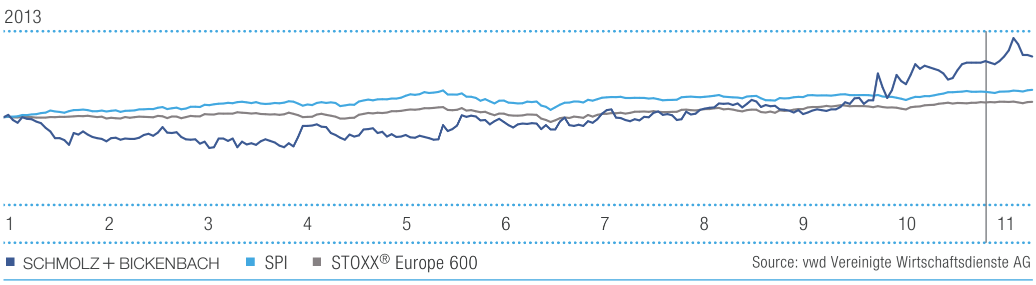
SCHMOLZ + BICKENBACH share price enjoys positive development

So far this year, stock markets have developed well. Supported by low interest rates, central banks' loose monetary policies and a lack of investment alternatives, equity markets saw prices rise steeply, especially in the first quarter. Some indices even achieved record highs for the post-financial crisis era. The SCHMOLZ + BICKENBACH share price continued to fare well in the third quarter of 2013, outperforming the comparative indices. The capital market seems to approve of the strategic realignment and the extensive equity measures aimed at reducing debt and improving the equity situation. This also holds true for the new, stable shareholder structure.

www.schmolz-bickenbach.com/en/investor-relations/share-information

The SCHMOLZ + BICKENBACH share opened the quarter at a price of CHF 2.88 and closed it at CHF 3.53 – an increase of 22.6%. The Company's market capitalisation stood at CHF 417.0 million as at 30 September. With a high of CHF 3.59, the share price peaked on 25 September 2013, after a low of CHF 2.88 on 1 July 2013. The comparative index SPI increased by 4.2% in the third quarter of 2013, while the STOXX® Europe 600 saw a rise of 7.7%. The SCHMOLZ + BICKENBACH share thus clearly outperformed both comparative indices once again in the third quarter.

Share price development from 1.1.–15.11.2013 I SCHMOLZ + BICKENBACH share (indexed) relative to the Swiss Performance Index (indexed) and STOXX® Europe 600 (indexed)



General meeting passes resolution on more extensive capital increase

The extraordinary general meeting of 26 September 2013 approved by vast majority an ordinary capital increase with simultaneous reduction in the par value of shares. This capital increase was carried out in a subscription period from 1 October 2013 to 8 October 2013 and generated gross proceeds of CHF 439 million (EUR 357 million) for SCHMOLZ + BICKENBACH AG. The previous shareholders were offered seven new registered shares for one old registered share. The nominal value per share was reduced from CHF 3.50 to CHF 0.50 on 1 October 2013 as part of the subscription rights issue. Following the capital increase, the share capital now comes to CHF 472.5 million. SCHMOLZ + BICKENBACH GmbH & Co. KG and Venetos Holding AG, an investor in the Renova Group, exercised all of the subscription rights allocated to them for their interest of 40.7% on the date of the capital increase. The new funds will be used to strengthen the equity base and repay a portion of financial liabilities. The resolution of the annual general meeting of 28 July 2013 to increase capital by just CHF 330 million was revoked.

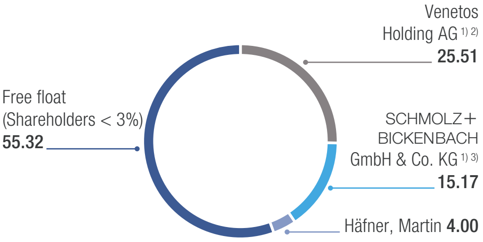
Slight increase in free float

Share capital as at 31 October 2013 comprised 945 000 000 fully paid-up registered shares with a nominal value of CHF 0.50 each.

The largest single shareholder is Venetos Holding AG with an interest of 25.5% following completion of the capital increase. SCHMOLZ+BICKENBACH GmbH & Co. KG holds 15.2% of the shares in total via its subsidiaries SCHMOLZ+BICKENBACH Beteiligungs GmbH, Düsseldorf (DE), SCHMOLZ+BICKENBACH Holding AG, Wil (CH) and SCHMOLZ+BICKENBACH Finanz AG, Wil (CH). Following the capital increase, Martin Häfner holds 4.0% of shares, making him the third largest shareholder. Gebuka AG's interest has fallen below the reporting threshold of 3.0% in accordance with stock market law.

The free float increased by 1.8 percentage points in the course of the capital increase, from 53.5% as at 30 June 2013 to 55.3% as at 31 October 2013.

Overview shareholder structure as at 31.10.2013 | in %



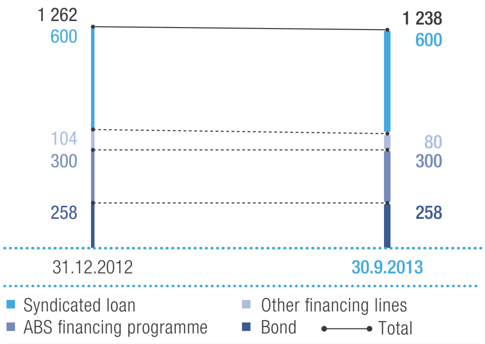
[1] Form a group according to stock exchange act.
[2] Member of the Renova Group.
[3] Directly via the subsidiaries SCHMOLZ+BICKENBACH Beteiligungs GmbH, SCHMOLZ+BICKENBACH Holding AG and SCHMOLZ+BICKENBACH Finanz AG.

Share information

Listed on:	SIX Swiss Exchange
Ticker symbol:	STLN
Security number:	579 566
ISIN:	CH0005795668
Bloomberg:	STLN SE
Reuters:	STLN.S

Financing

Financing structure as at 30.9.2013 |
in million EUR



With the financing structure more or less unchanged, SCHMOLZ + BICKENBACH had available liquidity and credit lines of approximately EUR 260 million as at 30 September 2013.
Following the receipt of proceeds from the capital increase, repayments were made on the syndicated loan and other loans at the beginning of October. As issuer, SCHMOLZ + BICKENBACH Luxembourg S.A. fulfilled its duty regarding the put options triggered by the change of control and offered to buy back the bond at the contractually agreed price of 101% on 11 October 2013. By the end of the option period, bond creditors had exercised put options with a total volume of EUR 1.0 million. On 12 November 2013, SCHMOLZ + BICKENBACH Luxembourg S.A. exercised its right to call back up to 35% of the nominal value of the bond (including the portion covered by the put option) from the bond creditors in an equity clawback. The repayment will be made on 19 December 2013 after which a nominal amount of EUR 167.7 million of the bond will continue to be at the Company's disposal.

Bond price development
The price of our bond increased from 86.0% to 107.5% over the first nine months of the fiscal year. The effective yield thus fell from 13.6% p.a. as at 31 December 2012 to 8.3% p.a. as at 30 September 2013.

Financial calendar 2013

13 March 2014	Annual Report 2013, Media and Analyst Conference
17 April 2014	Annual General Meeting
22 May 2014	Q1 Report 2014, Media Call, Investor Call
21 August 2014	Q2 Report 2014, Media and Analyst Conference
20 November 2014	Q3 Report 2014, Media Call, Investor Call

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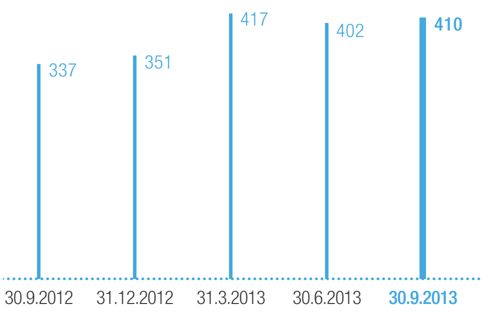
BUSINESS DEVELOPMENT OF THE GROUP

Key figures on results of operations

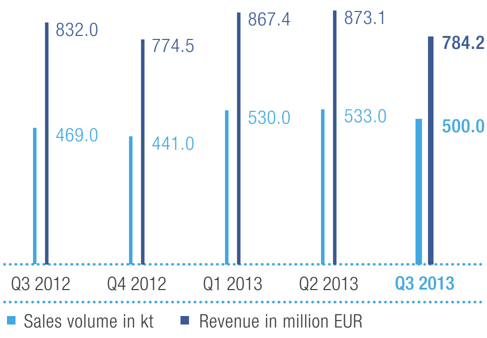
million EUR	1.1.– 30.9.2013	1.1.– 30.9.2012 [1]	Change from prior year %	Q3 2013	Q3 2012 [1]	Change from prior year %
Sales volume (kt)	1 563	1 603	-2.5	500	469	6.6
Revenue	2 524.7	2 806.9	-10.1	784.2	832.0	-5.7
Adjusted EBITDA	135.8	152.4	-10.9	39.8	20.6	93.2
Adjusted EBITDA margin (%)	5.4	5.4	0.0	5.1	2.5	104.0
Operating profit (loss) before depreciation and amortisation (EBITDA)	126.6	137.3	-7.8	36.2	11.0	229.1
Operating profit (loss) (EBIT)	33.9	47.2	-28.2	3.5	-18.9	-118.5
Earnings before taxes (EBT)	-39.1	-6.2	530.6	-24.5	-39.0	-37.2
Net income (loss) (EAT)	-44.5	-27.2	63.6	-25.6	-43.0	40.5

[1] Adjusted to IAS 19R.

Order backlog Q3 2012–Q3 2013 |
in kt



Sales volume and revenue Q3 2012–Q3 2013 |
in kt and in million EUR



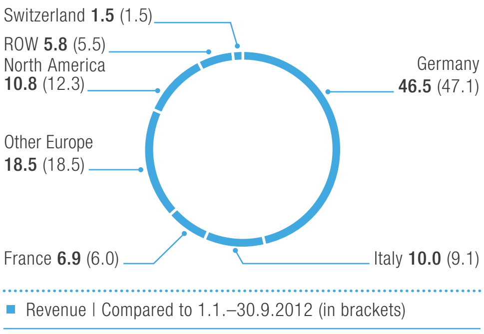
Order intake and order backlog, sales volume and operating profit were all significantly better in the third quarter of 2013 compared to the same quarter of the prior year.

Increase in order intake

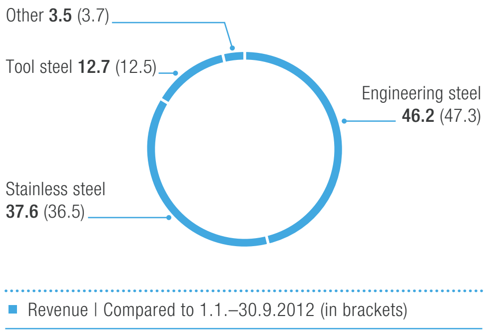
Order intake was up in every month of 2013 compared to the same period of the prior year, although order intake in the third quarter was somewhat lower than in the preceding two. The order backlog as at 30 September 2013 came to 410 kilotons (31.12.2012: 351 kt, 30.9.2012: 337 kt), a marked increase on the third quarter of 2012.

At 1 438 kilotons, the volume of crude steel produced at our plants was comparable to the same period of the prior year (1.1.–30.9.2012: 1 390 kt). With 430 kilotons produced in the third quarter of 2013, the production volume was up considerably on the figure for the third quarter of 2012, however (Q3 2012: 379 kt).

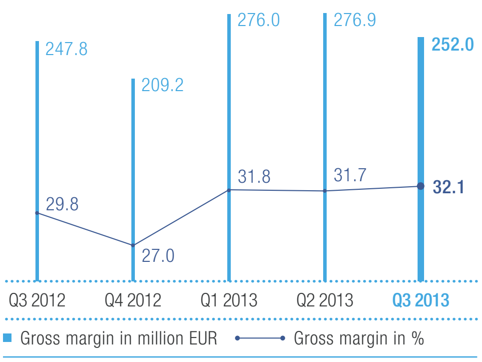
Revenue by region 1.1.–30.9.2013 | in %



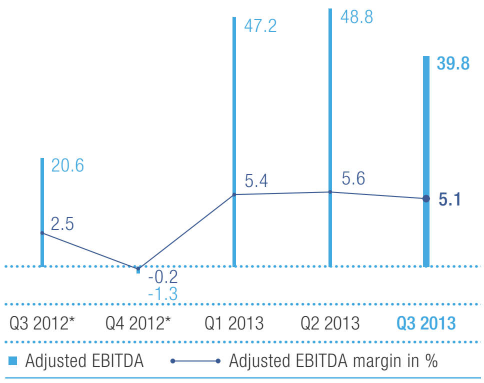
Revenue by product groups 1.1.–30.9.2013 | in %



Gross margin Q3 2012–Q3 2013 | in million EUR and in %



EBITDA and EBITDA margin Q3 2012–Q3 2013 (both adjusted) | in million EUR and in %



* Adjusted to IAS 19R.

Sales volume up on the same quarter of the prior year, revenue influenced by low price level

Having remained well below the prior-year level throughout the first half of 2013, sales volume increased for the first time in the third quarter of 2013 compared to the same period of the prior year, up 6.6% to 500 kilotons (Q3 2012: 469 kt). In contrast, revenue fell by 5.7% to EUR 784.2 million (Q3 2012: EUR 832.0 million), mainly due to lower commodity prices, which are passed on to customers in the form of scrap and alloy surcharges. Overall sales volume was down 40 kilotons or 2.5% to 1 563 kilotons in the first three quarters of 2013 (1.1.–30.9.2012: 1 603 kt), while revenue slipped 10.1% to EUR 2 524.7 million (1.1.–30.9.2012: EUR 2 806.9 million).

Revenue saw a particularly sharp drop in North America compared to the first three quarters of the prior year, tumbling 21.3% due to falling demand in the energy sector. However, the negative development in Europe and the other regions outside North America was comparatively modest, with revenue down 8.6% and 5.8%, respectively.

The extent to which sales and revenue declined also varied from one product group to another. While sales of tool and stainless steel fell by 1.3% and 1.5%, respectively, revenue decreased by 8.8% and 7.4%. Compared to the first nine months of the prior year, engineering steel suffered the largest decline, with sales down 2.5% and revenue 12.1%. However, the third quarter shows the strongest signs of recovery.

Percentage gross margin back on pleasing levels

Cost of materials adjusted for the change in semi-finished and finished goods saw a slightly larger percentage drop than revenue, falling 11.1% compared to the same period of the prior year. The gross margin fell by EUR 67.6 million in absolute terms to EUR 804.9 million, equivalent to a decrease of 7.7% (1.1.–30.9.2012: EUR 872.5 million). As a percentage, the gross margin of 32.1% matched the level of the prior quarters (Q1 2013: 31.8%, Q2 2013: 31.7%) and was up significantly on the figure reported for the third quarter of the prior year (Q3 2012: 29.8%). At 31.9%, the gross margin for the entire period from 1.1.–30.09.2013 was also up on the same period of the prior year (1.1.–30.9.2012: 31.1%), despite being negatively affected by low scrap and nickel prices in 2013.

Catalogue of measures to cut personnel costs takes effect

Other operating income increased marginally by EUR 0.1 million or 0.3% to EUR 29.2 million (1.1.–30.9.2012: EUR 29.1 million). In light of the downward adjustment to sales forecasts, a catalogue of measures was initiated in the second half of 2012 at the German group companies aimed at drastically cutting personnel and other costs. The positive effects will not be seen fully until after 2013. The Group was nevertheless able to cut personnel costs by EUR 31.8 million or 6.8% to EUR 438.6 million as at the end of the third quarter of 2013 compared to the same period of the prior year (1.1.–30.9.2012: EUR 470.4 million). The catalogue of measures is also reflected in the lower headcount, with 266 fewer employees reported compared to 30 September 2012 and 179 fewer compared to 31 December 2012. Use of temporary employees was also downscaled considerably in the last twelve months.

At EUR 268.9 million (1.1.–30.9.2012: EUR 293.7 million), other operating expenses decreased from the prior-year level by 8.4%. This development is mainly attributable to lower expenses for freight, maintenance and repairs. Another factor was the net exchange gain generated as at the end of the third quarter of 2013; in the same period of the prior year, a net exchange loss was incurred.

EBITDA improves significantly compared to the same quarter of the prior year

Operating profit before depreciation and amortisation (EBITDA) fell by 7.8% or EUR 10.7 million compared to the first three quarters of the prior year to EUR 126.6 million (1.1.–30.9.2012: EUR 137.3 million). Non-recurring expenses totalling EUR 9.2 million were incurred in the first three quarters of the fiscal year – among other things in connection with the search for investors, litigation, measures to reduce debt, and the development and roll-out of our new strategy. We eliminated these effects, giving an adjusted EBITDA of EUR 135.8 million (1.1.–30.9.2012: EUR 152.4 million) and an adjusted EBITDA margin of 5.4% (1.1.–30.9.2012: 5.4%) for the first three quarters. Adjusted EBITDA for the third quarter came to EUR 39.8 million – below the figures reported in the first two quarters due to seasonal effects (Q1 2013: EUR 47.2 million; Q2 2013: 48.8 million). However, the figure was up a considerable 89.8% or EUR 18.5 million on the adjusted EBITDA for the third quarter of the prior year (Q3 2012: EUR 20.6 million).

The development of sales and earnings in the third quarter confirms the stable business development of our Group in a market that continues to be challenging.

With amortisation, depreciation and impairment up EUR 2.6 million to EUR 92.7 million, operating profit dropped 28.2% to EUR 33.9 million (1.1.–30.9.2012: EUR 47.2 million).

Increase in net financial expense

Compared to the same period of the prior year, the net financial expense saw a considerable increase of 36.7% or EUR 19.6 million to EUR 73.0 million (1.1.–30.9.2012: EUR 53.4 million). The main factors driving this development were higher interest expenses from financial liabilities, which increased by EUR 21.3 million due to higher financing costs for the bond issued in May 2012 as well as additional fees and margin increases associated with adjusting some components of existing group financing in March 2013.

Group reports a net loss

At EUR -39.1 million, earnings before taxes (EBT) fell by EUR 32.9 million on the same period of the prior year (1.1.–30.9.2012: EUR -6.2 million). In absolute terms, the tax expense fell by EUR 15.6 million compared to the same period of the prior year to EUR 5.4 million (1.1.–30.9.2012: EUR 21.0 million). The group tax rate as a percentage of EBT was negative at -13.8% (1.1.–30.9.2012: -338.7%). This is mainly the result of losses at the German group companies on which no further deferred tax assets have been recognised. The net loss (EAT) of EUR -44.5 million represents a decrease of EUR 17.3 million on the net loss generated in the first nine months of the prior year (1.1.–30.9.2012: net loss of EUR 27.2 million), resulting in earnings per share of EUR -0.39 (1.1.–30.9.2012: EUR -0.24).

BUSINESS DEVELOPMENT OF THE DIVISIONS

Following approval of the strategic realignment in June 2013, which involved immediate adjustment to various aspects of organisation and personnel, our report on the third quarter of 2013 reflects the new structure for the first time.

The strategic realignment of the SCHMOLZ + BICKENBACH Group agreed in June 2013 includes a sharper focus on the production entities. This decision, together with the departure of the former COO Marcel Imhof, led to a change in Group's internal organisational and reporting structure. The entities previously allocated to the Processing Division were re-allocated to the "Production" Division. The "Production" Division will be supported by the "Sales & Services" Division, which was set up to underpin this strategy with a strong focus on the sale of own products. Under central management, "Sales & Services" combines the activities previously within the remit of Distribution + Services. With effect as at August 2013 the Group is thus managed on the basis of two operating segments: "Production" and "Sales & Services".

Key figures of the Divisions

million EUR	**1.1.–30.9.2013**	1.1.–30.9.2012 [1]	Change from prior year %	**Q3 2013**	Q3 2012 [1]	Change from prior year %
Production						
Revenue	1 970.3	2 156.8	-8.6	617.4	629.6	-1.9
Adjusted EBITDA	128.6	147.3	-12.7	34.1	22.5	51.6
Operating profit (loss) before depreciation and amortisation (EBITDA)	127.9	147.3	-13.2	33.4	22.5	48.4
Adjusted EBITDA margin (%)	6.5	6.8	-4.4	5.5	3.6	52.8
EBITDA margin (%)	6.5	6.8	-4.4	5.4	3.6	50.0
Investments	56.9	77.2	-26.3	28.1	35.6	-21.1
Operating free cash flow	47.6	71.5	-33.4	21.2	93.1	-77.2
Employees per closing date (positions)	7 731	7 942	-2.7	–	–	–
Sales & Services						
Revenue	892.0	1 010.5	-11.7	279.0	311.0	-10.3
Adjusted EBITDA	14.4	17.1	-15.8	6.1	0.6	916.7
Operating profit (loss) before depreciation and amortisation (EBITDA)	14.0	7.2	94.4	5.8	-9.3	-162.4
Adjusted EBITDA margin (%)	1.6	1.7	-5.9	2.2	0.2	1 000.0
EBITDA margin (%)	1.6	0.7	128.6	2.1	-3.0	-170.0
Investments	4.5	6.7	-32.8	1.2	2.4	-50.0
Operating free cash flow	-10.1	34.8	-129.0	-0.1	12.1	-100.8
Employees per closing date (positions)	2 274	2 311	-1.6	–	–	–

[1] Adjusted to IAS 19R.

FINANCIAL POSITION AND NET ASSETS

Key figures on the financial position and net assets

	Unit	30.9.2013	31.12.2012 [1]	Change from 31.12.2012 %
Shareholders' equity	million EUR	596.3	633.0	-5.8
Equity ratio	%	24.5	26.2	-6.5
Net debt	million EUR	971.5	902.8	7.6
Gearing	%	162.9	142.6	14.2
Net working capital	million EUR	1 051.0	1 006.0	4.5
Total assets	million EUR	2 437.2	2 417.1	0.8
	Unit	1.1.– 30.9.2013	1.1.– 30.9.2012 [1]	Change from prior year %
Cash flow before changes in net working capital	million EUR	124.4	153.4	-18.9
Cash flow from operations	million EUR	71.1	179.8	-60.5
Cash flow from investing activities	million EUR	-53.6	-78.0	31.3
Free cash flow	million EUR	17.5	101.8	-82.8
Depreciation, amortisation and impairment	million EUR	92.7	90.1	2.9
Investments	million EUR	61.7	85.4	-27.8

[1] Adjusted to IAS 19R.

Financial position

Equity down slightly

Despite positive other comprehensive income of EUR 7.7 million, shareholders' equity decreased moderately compared to 31 December 2012, falling EUR 36.7 million to EUR 596.3 million (31.12.2012: EUR 633.0 million) due to the Group's net loss of EUR 44.5 million. The equity ratio fell to 24.5% due to the simultaneous increase in total assets (31.12.2012: 26.2%).

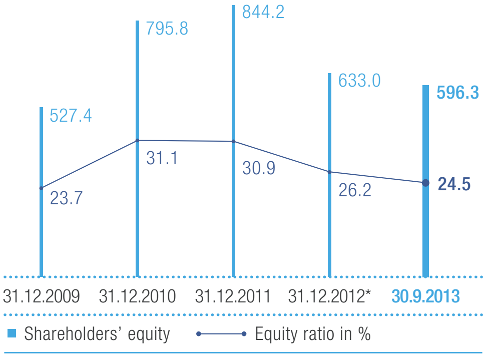
Small increase in net debt

Net debt, comprising current and non-current financial liabilities less cash and cash equivalents, came to EUR 971.5 million, an increase of 7.6% on the figure as at 31 December 2012 (31.12.2012: EUR 902.8 million). The increase is attributable to the seasonal rise in net working capital compared to the typically lower year-end level that was seen as at 31 December 2012. The decrease in shareholders' equity pushed up the gearing. Gearing expresses the ratio of net debt to shareholders' equity and increased to 162.9% compared to 142.6% as at 31 December 2012.

Financial position much stronger in light of capital increase

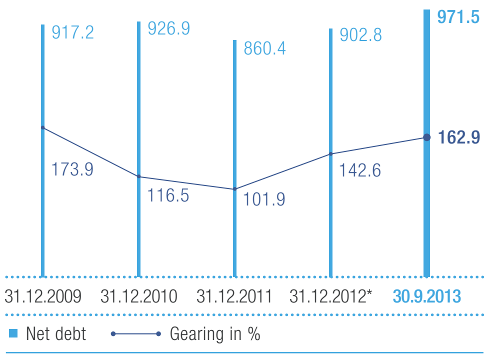
The financial KPIs as at 30 September 2013 would be even stronger if it were possible as at this date to consider the capital increase with gross proceeds of CHF 439 million (EUR 357 million), repayments of the syndicated loan and other loans as well as the planned redemption of 35% of the nominal bond amount due to the put option triggered by the change of control and the subsequent equity clawback. On a pro forma basis, shareholders' equity would increase from EUR 596.3 million to EUR 911.2 million, giving an equity ratio of 37.5%. Net debt would fall from EUR 971.5 million to EUR 647.6 million, with a gearing of 71.1% well below the threshold of 100.0. The capital increase can therefore be considered an important step forward in improving the Company's financial stability.

Shareholders' equity and equity ratio 2009–2013 |
in million EUR and in %



* Adjusted to IAS 19R.

Net debt and gearing 2009–2013 |
in million EUR and in %



* Adjusted to IAS 19R.

Slight improvement in free cash flow

Cash flow before changes in net working capital was down 18.9% compared to the same period of the prior year to EUR 124.4 million (1.1.–30.9.2012: EUR 153.4 million). The decrease in cash flow from operations was even more pronounced, dropping EUR 108.7 million to EUR 71.1 million in the first three quarters of 2013. In percentage terms this is a fall of 60.5%. This development is mainly attributable to the increase in trade accounts receivable as at the end of the third quarter of 2013.

With a much lower investment volume compared to the same period of the prior year, net cash flow for investing activities dropped by 31.3% to EUR 53.6 million (1.1.–30.9.2012: EUR 78.0 million). Overall, the free cash flow for the three quarters of 2013 came to EUR 17.5 million (1.1.–30.9.2012: EUR 101.8 million), a change of EUR -84.3 million compared to the same period of the prior year.

The EUR 46.6 million cash increase in financial liabilities contrasts with the change of EUR -90.7 million reported in the same period of the prior year. At the same time, interest paid climbed to EUR 52.0 million (1.1.–30.9.2012: EUR 34.3 million) partially on account of non-recurring expenses of EUR 11.0 million incurred in the first quarter of 2013 in connection with adjustments to the financing. Cash flow from financing activities came in at EUR -15.9 million overall (1.1.–30.9.2012: EUR -167.4 million).

Net assets

Total assets show modest increase

Total assets were up EUR 20.1 million or 0.8% on the figure as at 31 December 2012 to EUR 2 437.2 million (31.12.2012: EUR 2 417.1 million). This development is mainly attributable to the increase in trade accounts receivable as well as the rise in other current assets, which was not fully compensated by the fall in property, plant and equipment and inventories.

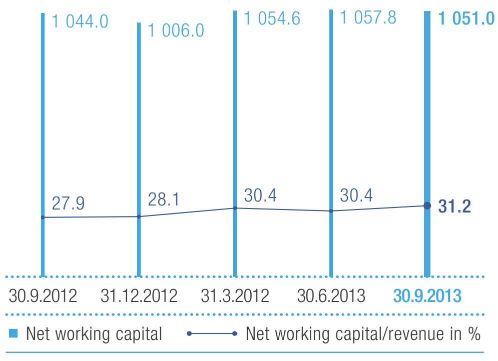
Share of non-current assets decreases slightly

Compared to 31 December 2012, non-current assets slightly diminished to EUR 966.4 million (31.12.2012: EUR 1 008.3 million). Total assets increased overall at the same time, meaning that the share of non-current assets fell to 39.7% (31.12.2012: 41.7%). The investment volume fell by around a third on the same period of the prior year to EUR 61.7 million (1.1.–30.9.2012: EUR 85.4 million), giving an investment ratio of 0.7 (ratio of investments to depreciation) (1.1.–30.9.2012: 0.9).

Current assets increase

As a share of total assets, current assets increased from 58.3% as at 31 December 2012 to 60.3%. The 4.4% rise in current assets to EUR 1 470.8 million (31.12.2012: EUR 1 408.8 million) is mainly attributable to the increase in trade accounts receivable, which was only partially balanced out by the fall in inventories. Net working capital was up EUR 45.0 million or 4.5% overall to EUR 1 051.0 million (31.12.2012: EUR 1 006.0 million). As a percentage of revenue net working capital thus increased from 28.1% as at year-end 2012 to 31.2% and was also up on the figure of 27.9% reported as at 30 September 2012.

Net working capital and net working capital/revenue
Q3 2012–Q3 2013 | in million EUR and in %



Current liabilities rise as financial liabilities have been reclassified

Non-current liabilities totalling EUR 703.0 million as at the reporting date (31.12.2012: EUR 1 005.4 million) changed by -30.1% on the figure as at 31 December 2012. The share of non-current liabilities in total equity and liabilities decreased from 41.6% as at 31 December 2012 to 28.8%, while current liabilities increased by 46.1% to EUR 1 137.9 million (31.12.2012: EUR 778.7 million) due to the reclassification of the bond. Due to the put option for bond creditors that was triggered by the change of control, the Group discloses the bond as current as at 30 September 2013. Furthermore, the financial statements as at 30 September 2013 reflect the planned repayment of the syndicated loan and other loans using the proceeds from the capital increase; the corresponding amounts are disclosed as current. The share of current liabilities in total equity and liabilities thus rose overall, from 32.2% as at 31 December 2012 to 46.7% as at 30 September 2013.

RISK FACTORS

Political and regulatory risks

Some of the Group's business activities depend heavily on the legal and regulatory environment both nationally and internationally. Changes in submarkets can therefore be associated with risks, leading to higher costs or other disadvantages. The Company observes national legislative processes via industrial associations and is a proactive voice in consultation procedures, drawing attention to potential competitive imbalances. The third EU emissions trading period (2013–2020) is expected to result in substantial costs for electricity and gas suppliers which will be reflected in price increases for consumers. As an industrial and trading group with considerable power requirements, we risk damage to our results of operations if the costs cannot be completely passed on to customers. SCHMOLZ + BICKENBACH is actively following the discussion process via the respective associations (e.g. International Stainless Steel Forum (ISSF) and World Steel Association (WSA)).

Risks relating to the future economic development

The entrepreneurial activity of SCHMOLZ + BICKENBACH depends on the economic development of international markets and individual industries. A change in the overall economic situation is linked to a risk that prices and sales volumes will fluctuate more. SCHMOLZ + BICKENBACH employs various measures to counter this risk. Our global structure allows us to respond robustly to local crises while our broad, fragmented industry mix and our uniquely wide product range ensure wide risk diversification. In crisis situations, this broad base along with our flexible and lean organisation allows a rapid and effective response.

The Group's economic dependency on the automotive and mechanical engineering industries exerts a substantial influence on our business performance. We aim to balance risks by continuously developing our broad product portfolio as well as maintaining an international sales focus, diversifying the business portfolio, focusing on niche products and optimising the value chain. Prices on the sales and procurement markets, as well as energy prices, are also of fundamental importance to SCHMOLZ + BICKENBACH. We operate a price surcharge system for scrap and alloys to reduce price fluctuations and have entered into long-term contracts with the suppliers to secure gas and electricity prices over time.

Environmental and health risks

The production processes used in our industrial plants involve risks of potential environmental pollution. Taking responsibility for protecting the environment and climate is therefore of major significance and an important corporate goal for SCHMOLZ + BICKENBACH. Efficient use of resources and energy, recyclable products, minimised environmental impact of our activities, and open dialogue with neighbours, authorities and stakeholders are the principles that underpin our environmental behaviour.

Further information about how we protect the environment and climate can be found in the 2012 annual report in the section "Environmental awareness in all processes".

Risks from information technology/security and internal processes

To ensure that IT-supported business processes are operated professionally within the Group and with customers, suppliers and business partners, our information technology is regularly reviewed and adapted. The current information security measures are updated on an ongoing basis so as to eliminate, or at least minimise, the risks associated with IT processes.

Personnel risks

The success of SCHMOLZ + BICKENBACH hinges on the competence and commitment of its employees. The major challenge is therefore to recruit and retain qualified specialists. SCHMOLZ + BICKENBACH emphasises further education and training as one way to achieve this. Further information about continuing employee education and training can be found in the 2012 annual report in the chapter "Non-financial performance indicators".

Moreover, demographic developments as well as the later statutory retirement age in many countries will increase the importance of a human resources policy aligned to these trends in the years that lie ahead. Existing structures need to be analysed in this context and requirements for action identified. Besides the age structure analysis agreed within some collectively bargained wage agreements, one example is the analysis of stressors in the workplace. This process examines individual stressors in the workplace to determine measures supporting the ergonomic design of physical working conditions, employee motivation, etc.

Ultimately, occupational health and safety, age-appropriate workplaces, employee retention, and the maintenance of a motivating corporate culture are key challenges that we face in the years ahead.

Financial risks

Foreign currency risk

Foreign currency risk arises mainly in connection with trade accounts receivable and payable in foreign currencies, planned future revenue in a foreign currency and any existing or planned commodity supply contracts at fixed prices in a foreign currency. Currency management is country-specific, with foreign currency amounts being regularly translated into the respective functional currency, mainly by means of forward exchange contracts.

Interest rate risk

Interest rate risks arise mainly on interest-bearing liabilities that are denominated in euro. The Executive Board stipulates an appropriate target ratio of fixed and floating-rate liabilities and constantly monitors compliance with the target. Interest rates are primarily managed using interest rate swaps.

Commodity price risk

The commodity price risks result from fluctuations in the prices of raw materials and power required for steel production. Fluctuations in the prices of raw materials can usually be passed on to customers in the form of alloy surcharges. Where this is not possible, commodity derivative instruments are used to hedge some of the risk. Currently, these mainly comprise forward exchange contracts for nickel. SCHMOLZ + BICKENBACH receives payments depending on the nickel price development, and is therefore protected against price hikes.

Credit risk

Credit risks are mainly linked to trade accounts receivable, bank balances and derivative financial instruments. In view of the broadly diversified customer list, which covers various regions and industries, the credit risk on trade accounts receivable is limited. Furthermore, some of the trade accounts receivable are covered by credit insurance with varying deductibles.

Credit risks from operating activities are mitigated by selecting external business partners based on an internal credit check and a credit approval process. A credit risk limit is set for each contractual partner based on the internal credit check. Each subsidiary is essentially responsible for setting and monitoring their own limits under observation of the various approval processes that apply depending on the credit limit. The credit and collections policies of the local companies are captured by the internal control system and are therefore audited periodically by the internal audit department. All of the banks with which SCHMOLZ + BICKENBACH maintains business relationships have good credit ratings considering the prevailing market conditions and are in most cases members of deposit guarantee funds. Derivative financial instruments are only entered into with these banks.

Liquidity risk

Solvency is assured at all times by a largely centralised cash management system. This involves preparing liquidity plans in which the expected cash receipts and payments for a specified time period are compared. In addition, liquidity reserves are maintained in the form of bank balances and irrevocable credit facilities with banks. Among other things, a liquidity risk could result from the financial covenants in our financing agreements. They are tested for compliance at the end of each quarter. Although compliance with the covenants is monitored on an ongoing basis, they depend on a large number of external factors, including the general economic development. As such, they are only within our control to a limited extent. Depending on the financing agreement in question, failure to comply with the covenants can lead to a substantial increase in financing costs or trigger an obligation to settle all or part of the relevant financial liabilities. Following the loss situation that emerged in 2012, the financial covenants defined in the individual financing agreements were adjusted in early 2013 to reflect the Group's new financial position and results of operations for the remaining term to maturity. Thanks to the better liquidity situation following the capital increase at the beginning of October 2013, the Board of Directors and the Executive Board remain confident that suitable measures to reduce leverage will be implemented successfully.

Risks connected with the reorganisation of the shareholder structure

Based on the original contractual terms of the syndicated loan, the KfW Ipex loan and the ABS financing program, the change of control could have triggered termination options. Various agreements were concluded with lenders by the end of September 2013 in which the lenders indicated that they would waive the termination rights. SCHMOLZ + BICKENBACH Luxembourg S.A. fulfilled its duty regarding the put option triggered by the change of control by making an offer to buy back the bond at the contractually agreed price of 101% on 11 October 2013.

Some of the tax loss and interest carryforwards of the German companies lapsed due to the change of control. As a result, an impairment loss of EUR 0.6 million in total was recognised on deferred tax assets on tax loss carryforwards at the German companies. The remaining unused tax losses and interest carryforwards will lapse in full if further shares in a corporation (giving a total of more than 50% of the shares or voting rights) are transferred indirectly or directly to a buyer or group of buyers with coordinated interests within a period of five years. If this were to happen at SCHMOLZ + BICKENBACH AG, the deferred tax assets recognised for these unused tax losses and interest carryforwards would have to be written off through profit or loss. In addition, the change of control gives the members of the Executive Board the right to terminate their employment agreements and receive a contractually agreed severance payment.

OUTLOOK

We maintain our view that the tense economic situation in the euro area and in our sales markets will continue for the foreseeable future. Nevertheless, we are confident that strengthened by our strategic realignment and the launch of our earnings improvement programme, we will assert ourselves in today's challenging market.

We generated a robust operating profit in the third quarter of 2013 despite falling prices and the weak summer months. The fourth quarter opened with a satisfactory order backlog, order intake remains stable.

Successful capital increase strengthens Group's financial position

The successful capital increase in October 2013 generated gross proceeds of CHF 439 million (EUR 357 million). Some of this has already been used to repay a portion of the syndicated loan and the KfW Ipex loan. Another share will be used to redeem 35% of the nominal value of the bond; we are entitled to make this equity clawback following the capital increase. These debt-reducing measures will be reflected in a sustainably lower financial expense from next year onwards. First though, financial expense will climb in the fourth quarter due to non-recurring expenses of EUR 14 million in connection with the early redemption of a part of the bond (premium of 9.875% plus proportionate share of cost allocation of the debt discount and original issue costs).

More detailed revenue and earnings forecast

We will press ahead with the restructuring and cost-cutting programme. Besides the cost savings already initiated in 2012, the new 2016 earnings improvement programme is beginning to take effect.

In light of the lower commodity prices, which are passed on to our customers as surcharges, as well as continued pressure on base prices, we now expect revenue for the entire year to fall short of the prior-year figure by 6–8%. Sales volume, on the other hand, is set to match or even slightly exceed the prior-year level. In light of lower prices, we now predict adjusted EBITDA in the range of EUR 155–175 million. After deducting government grants, the investment volume will come in at just under EUR 100 million. This forecast assumes that the economic outlook, commodity prices and exchange rates of relevance for us (CHF/EUR and USD/EUR) will be stable in the fourth quarter and that no further unforeseen events hinder our business development.

Actual and target (guidance)	2012 (actual)	2013 (forecast)	Medium-term target [1]
Revenue	EUR 3 581.4 million	6–8% below prior year	–
Adjusted EBITDA	EUR 151.8 million	EUR 155–175 million	> EUR 300 million
Adjusted EBITDA margin	4.2%	–	> 8%
Investments	EUR 141.0 million	EUR 100 million [2]	–

[1] Cyclical average from 2016 onwards.
[2] Not including assets purchased using government grants.

2 Financial reporting

22–36

CONSOLIDATED INCOME STATEMENT

million EUR	Note	1.1.– 30.9.2013	1.1.– 30.9.2012 [1]	Q3 2013	Q3 2012 [1]
Revenue		2 524.7	2 806.9	784.2	832.0
Change in semi-finished and finished goods		-8.9	-8.3	-33.3	-48.0
Cost of materials		-1 710.9	-1 926.1	-498.9	-536.2
Gross margin		**804.9**	**872.5**	**252.0**	**247.8**
Other operating income	8.1	29.2	29.1	9.6	7.6
Personnel costs		-438.6	-470.4	-140.0	-148.5
Other operating expenses	8.2	-268.9	-293.7	-85.4	-95.9
Income/loss on investments accounted for using the equity method		0.0	-0.2	0.0	0
Operating profit before depreciation and amortisation		**126.6**	**137.3**	**36.2**	**11.0**
Depreciation/amortisation and impairment		-92.7	-90.1	-32.7	-29.9
Operating profit		**33.9**	**47.2**	**3.5**	**-18.9**
Financial income		9.1	4.9	3.0	0.3
Financial expense		-82.1	-58.3	-31.0	-20.4
Financial result	8.3	**-73.0**	**-53.4**	**-28.0**	**-20.1**
Earnings before taxes		**-39.1**	**-6.2**	**-24.5**	**-39.0**
Income taxes	8.4	-5.4	-21.0	-1.1	-4.0
NET INCOME (LOSS)		**-44.5**	**-27.2**	**-25.6**	**-43.0**
of which attributable to					
- shareholders of SCHMOLZ+BICKENBACH AG		-46.0	-28.0	-26.0	-43.2
- non-controlling interests		1.5	0.8	0.4	0.2
Earnings per share in EUR (basic/diluted)		**-0.39**	**-0.24**	**-0.22**	**-0.37**

[1] Adjusted to IAS 19R.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

million EUR	1.1.– 30.9.2013	1.1.– 30.9.2012 [1]	Q3 2013	Q3 2012 [1]
Net income (loss)	**-44.5**	**-27.2**	**-25.6**	**-43.0**
Gains/losses from currency translation	-14.2	8.2	-7.0	-2.0
Gains/losses from currency translation after taxes	**-14.2**	**8.2**	**-7.0**	**-2.0**
Change in unrealised gains/losses from cash flow hedges	-0.2	0.0	0.2	0.4
Realised gains/losses	0.2	0.1	0.0	0.0
Tax effect	0.0	0.0	-0.1	-0.1
Gains/losses from cash flow hedges after taxes	**0.0**	**0.1**	**0.1**	**0.3**
Items that may be reclassified subsequently to profit or loss	**-14.2**	**8.3**	**-6.9**	**-1.7**
Actuarial gains/losses from pension-related and similar obligations and effects due to asset ceiling	26.8	-30.7	3.6	-10.1
Tax effect	-4.9	8.5	-0.8	2.7
Actuarial gains/losses from pension-related and similar obligations and effects due to asset ceiling after taxes	**21.9**	**-22.2**	**2.8**	**-7.4**
Items that will not be reclassified subsequently to profit or loss	**21.9**	**-22.2**	**2.8**	**-7.4**
Other comprehensive income	**7.7**	**-13.9**	**-4.1**	**-9.1**
TOTAL COMPREHENSIVE INCOME [2]	**-36.8**	**-41.1**	**-29.7**	**-52.1**
of which attributable to				
- shareholders of SCHMOLZ+BICKENBACH AG	-38.3	-41.9	-30.2	-52.3
- non-controlling interests	1.5	0.8	0.5	0.2

[1] Adjusted to IAS 19R.
[2] Total comprehensive income for the period from 1.1.–30.9.2013 contains EUR 0.0 million (1.1.–30.9.2012: EUR -0.2 million; Q3 2013: EUR 0.0 million, Q3 2012: EUR 0.0 million) attributable to investments accounted for using the equity method.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.9.2013		31.12.2012 [1]		30.9.2012 [1]		1.1.2012 [1]	
	Note	million EUR	%	million EUR	%	million EUR	%	million EUR	%
Assets									
Intangible assets	9.1	32.3		36.2		39.6		43.3	
Property, plant and equipment	9.1	856.7		898.6		899.2		900.5	
Investments accounted for using the equity method		0.6		0.6		0.7		0.9	
Other non-current financial assets		2.6		2.9		3.3		3.6	
Non-current income tax assets		12.6		12.3		14.2		13.9	
Other non-current assets		1.8		1.9		1.9		2.0	
Deferred tax assets	8.4	59.8		55.8		96.3		91.2	
Total non-current assets		**966.4**	**39.7**	**1 008.3**	**41.7**	**1 055.2**	**40.1**	**1 055.4**	**38.6**
Inventories	9.2	834.9		870.4		957.2		991.9	
Trade accounts receivable		518.7		444.2		536.9		518.8	
Current financial assets		6.1		2.9		5.7		11.9	
Current income tax assets		4.3		3.8		3.3		12.2	
Other current assets		56.0		36.5		37.9		39.3	
Cash and cash equivalents		50.3		50.5		35.5		100.6	
Current assets held for sale		0.5		0.5		0.0		1.6	
Total current assets		**1 470.8**	**60.3**	**1 408.8**	**58.3**	**1 576.5**	**59.9**	**1 676.3**	**61.4**
TOTAL ASSETS		**2 437.2**	**100.0**	**2 417.1**	**100.0**	**2 631.7**	**100.0**	**2 731.7**	**100.0**
Equity and liabilities									
Share capital		297.6		297.6		297.6		297.6	
Capital reserves		703.7		703.7		703.7		703.7	
Retained earnings (accumulated losses)		-367.4		-321.7		-186.2		-148.4	
Accumulated income and expense recognised directly in equity		-47.1		-54.8		-31.2		-17.3	
Attributable to shareholders of SCHMOLZ + BICKENBACH AG		**586.8**		**624.8**		**783.9**		**835.6**	
Non-controlling interests		9.5		8.2		8.1		5.3	
Total shareholders' equity		**596.3**	**24.5**	**633.0**	**26.2**	**792.0**	**30.1**	**840.9**	**30.8**
Provisions for pensions and similar obligations	9.3	258.3		283.0		260.2		227.2	
Other non-current provisions		41.0		38.4		36.0		35.7	
Deferred tax liabilities	8.4	35.4		32.6		33.9		29.1	
Non-current financial liabilities	9.4	365.6		647.0		577.6		648.2	
Other non-current liabilities		2.7		4.4		13.1		18.4	
Total non-current liabilities		**703.0**	**28.8**	**1 005.4**	**41.6**	**920.8**	**35.0**	**958.6**	**35.1**
Current provisions		37.6		46.2		35.5		27.1	
Trade accounts payable		302.6		308.6		450.1		445.9	
Current financial liabilities	9.4	656.2		306.3		279.3		312.8	
Current income tax liabilities		7.7		10.2		10.7		15.8	
Other current liabilities		133.8		107.4		143.3		130.6	
Total current liabilities		**1 137.9**	**46.7**	**778.7**	**32.2**	**918.9**	**34.9**	**932.2**	**34.1**
Total liabilities		**1 840.9**	**75.5**	**1 784.1**	**73.8**	**1 839.7**	**69.9**	**1 890.8**	**69.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2 437.2**	**100.0**	**2 417.1**	**100.0**	**2 631.7**	**100.0**	**2 731.7**	**100.0**

[1] Adjusted to IAS 19R.

CONSOLIDATED STATEMENT OF CASH FLOWS

million EUR	1.1.– 30.9.2013	1.1.– 30.9.2012 [1)]
Earnings before taxes	-39.1	-6.2
Depreciation, amortisation and impairment	92.7	90.1
Reversal of impairment	-0.6	0.0
Income/loss on investments accounted for using the equity method	0.0	0.2
Gain/loss on disposal of intangible assets, property, plant and equipment, and financial assets	-1.5	3.0
Increase/decrease in other assets and liabilities	13.5	21.7
Financial income	-9.1	-4.9
Financial expense	82.1	58.3
Income taxes paid	-13.6	-8.8
Cash flow before changes in net working capital	**124.4**	**153.4**
Change in inventories	26.0	38.3
Change in trade accounts receivable	-80.9	-13.8
Change in trade accounts payable	1.6	1.9
CASH FLOW FROM OPERATIONS	**71.1**	**179.8**
Investments in property, plant and equipment	-58.3	-82.7
Proceeds from disposal of property, plant and equipment	5.1	5.2
Investments in intangible assets	-1.5	-1.5
Proceeds from disposal of intangible assets	0.1	0.0
Investments in financial assets	-0.2	0.0
Proceeds from disposal of financial assets	0.2	0.0
Interest received	1.0	1.0
CASH FLOW FROM INVESTING ACTIVITIES	**-53.6**	**-78.0**
Free cash flow	**17.5**	**101.8**
Increase in financial liabilities	93.3	32.4
Repayment of financial liabilities	-46.7	-123.1
Proceeds from the bond issue	0.0	240.4
Repayment of syndicated loan	0.0	-275.0
Transaction costs for the issue of shares	-10.2	0.0
Investments in shares in previously consolidated companies	-0.3	0.0
Proceeds from non-controlling interests	0.0	2.0
Dividend payment	0.0	-9.8
Interest paid	-52.0	-34.3
CASH FLOW FROM FINANCING ACTIVITIES	**-15.9**	**-167.4**
Change in cash and cash equivalents	1.6	-65.6
Effect of foreign currency translation	-1.8	0.5
Change in cash and cash equivalents	**-0.2**	**-65.1**
Cash and cash equivalents as at 1.1.	50.5	100.6
Cash and cash equivalents as at 30.9.	50.3	35.5
Change in cash and cash equivalents	**-0.2**	**-65.1**

1) Adjusted to IAS 19R.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

million EUR	Share capital	Capital reserves	Retained earnings (accumulated losses)	Accumulated income and expense recognised directly in equity	**Attributable to shareholders of SCHMOLZ + BICKENBACH AG**	Non-controlling interests	**Total shareholders' equity**
As at 1.1.2012 (as previously reported)	297.6	703.7	-148.0	-14.4	**838.9**	5.3	**844.2**
Effect of retrospectively adopting IAS 19R	0.0	0.0	-0.4	-2.9	**-3.3**	0.0	**-3.3**
As at 1.1.2012 [1]	**297.6**	**703.7**	**-148.4**	**-17.3**	835.6	**5.3**	840.9
Dividends	0.0	0.0	-9.8	0.0	**-9.8**	-0.2	**-10.0**
Change in scope of consolidation	0.0	0.0	0.0	0.0	**0.0**	2.0	**2.0**
Non-controlling interests from capital increase	0.0	0.0	0.0	0.0	**0.0**	0.2	**0.2**
Capital transactions with shareholders	**0.0**	**0.0**	**-9.8**	**0.0**	-9.8	**2.0**	-7.8
Net income [1]	0.0	0.0	-28.0	0.0	**-28.0**	0.8	**-27.2**
Other comprehensive income [1]	0.0	0.0	0.0	-13.9	**-13.9**	0.0	**-13.9**
Total comprehensive income	**0.0**	**0.0**	**-28.0**	**-13.9**	**-41.9**	**0.8**	**-41.1**
As at 30.9.2012	**297.6**	**703.7**	**-186.2**	**-31.2**	783.9	**8.1**	792.0
As at 1.1.2013 (as previously reported)	297.6	703.7	-316.5	-52.9	**631.9**	8.2	**640.1**
Effect of retrospectively adopting IAS 19R	0.0	0.0	-5.2	-1.9	**-7.1**	0.0	**-7.1**
As at 1.1.2013 [1]	**297.6**	**703.7**	**-321.7**	**-54.8**	624.8	**8.2**	633.0
Acquisition of shares in previously consolidated companies	0.0	0.0	-0.1	0.0	**-0.1**	-0.2	**-0.3**
Share-based payment	0.0	0.0	0.4	0.0	**0.4**	0.0	**0.4**
Capital transactions with shareholders	**0.0**	**0.0**	**0.3**	**0.0**	0.3	**-0.2**	0.1
Net income (loss)	0.0	0.0	-46.0	0.0	**-46.0**	1.5	**-44.5**
Other comprehensive income	0.0	0.0	0.0	7.7	**7.7**	0.0	**7.7**
Total comprehensive income	**0.0**	**0.0**	**-46.0**	**7.7**	-38.3	**1.5**	-36.8
AS AT 30.9.2013	**297.6**	**703.7**	**-367.4**	**-47.1**	586.8	**9.5**	596.3

[1] Adjusted to IAS 19R.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 About the Company

SCHMOLZ+BICKENBACH AG (SCHMOLZ+BICKENBACH) is a Swiss company limited by shares which is listed on the SIX (Swiss Exchange) and has its registered office at Emmenweidstrasse 90 in Emmen. SCHMOLZ+BICKENBACH is a global steel company operating in the special steel and engineering steel sectors of the long-products business. These interim consolidated financial statements were authorised for issue by the Board of Directors on 19 November 2013.

2 Accounting policies

The Group prepared these interim consolidated financial statements of SCHMOLZ+BICKENBACH AG as at 30 September 2013 in accordance with IAS 34 "Interim Financial Reporting". They contain all the information required of interim financial statements in accordance with the International Financial Reporting Standards (IFRSs). More detailed disclosures on accounting policies can be found in the consolidated financial statements as at 31 December 2012.
This quarterly report is presented in euro. Unless otherwise stated, monetary amounts are denominated in millions of euro.

3 Going concern

For the purposes of preparing the interim consolidated financial statements, the Board of Directors and Executive Board assess the Group as being in a position to continue as a going concern.
Customary market fees were payable to adjust the syndicated loan agreement, the ABS financing programme and the KfW Ipex loan at the beginning of March 2013 in light of the loss incurred in 2012; the financial covenants and the margins payable on the base rate were adjusted to reflect the change in net assets and the results of operations. Although compliance with the covenants is monitored on an ongoing basis, they depend on a large number of external factors, especially the general economic development. As such, they are only within our control to a limited extent. Depending on the financing agreement in question, failure to comply with the covenants can lead to a substantial increase in financing costs or trigger an obligation to settle all or part of the relevant financial liabilities. At the extraordinary general meeting of 26 September 2013 the shareholders revoked the resolution of 28 June 2013 to increase capital and replaced it with a new resolution to increase capital by CHF 438 million. This capital increase was carried out at the beginning of October. It marks a significant step forwards in implementing debt-reduction measures.
A new Board of Directors was also appointed at the extraordinary general meeting to reflect the change in shareholder structure. The existing financing agreements contain provisions on termination options or rights of amendment in the event of a change of control. Voting at the extraordinary general meeting of 26 September 2013 caused these provisions to become effective. Based on agreements concluded in August and September 2013, the lending banks waived their right to terminate the existing arrangements.
SCHMOLZ+BICKENBACH Luxembourg S.A. fulfilled its duty regarding the put option triggered by the change of control by issuing an offer to buy back the bond at the contractually agreed price of 101% on 11 October 2013. By the end of the option period, bond creditors had exercised put options with a total volume of EUR 1.0 million. On 12 November 2013, SCHMOLZ+BICKENBACH Luxembourg S.A. exercised its right to buy back up to 35% of the nominal value of the bond (including the portion covered by the put option) from the bond creditors in an equity clawback. The implementation period runs until 19 December 2013.

4 Significant accounting judgements, estimates and assumptions

In preparing these interim consolidated financial statements in accordance with IAS 34, assumptions and estimates have been made which affect the carrying amounts and disclosure of the recognised assets and liabilities, income and expenses, and contingent liabilities. Actual amounts may differ from the estimates. Further disclosures on estimates and assumptions can be found in the consolidated financial statements as at 31 December 2012.

5 Standards and interpretations applied

The significant accounting policies applied in the interim consolidated financial statements are largely consistent with those used for the most recent consolidated financial statements prepared as at the end of the fiscal year 2012, with the exception of the new and revised standards and interpretations whose adoption is mandatory as at 1 January 2013.
IAS 19 "Employee Benefits" (IAS 19R) was revised with effect as at 1 January 2013. The main amendment is the elimination of the corridor method, which was not previously applied within the SCHMOLZ+BICKENBACH Group anyway. In addition, the components for inclusion in the income statement are redefined. In future, the redefined service cost component includes not only the current service cost but also the entire past service cost from plan amendments. The redefined net interest component is determined by multiplying the net defined benefit liability (asset) by the discount rate. The revised standard also clarifies the definition of termination benefits, which will have an effect on accounting for obligations from phased retirement ("Altersteilzeit") agreements in Germany.

The impact of IAS 19R on the consolidated statement of financial position, the consolidated income statement and the consolidated statement of comprehensive income is presented below:

	Shareholders' equity 1.1.2012	Net loss 1.1.–31.12.2012	Other comprehensive income 1.1.–31.12.2012	Shareholders' equity 31.12.2012
million EUR				
As previously reported	844.2	-157.9	-38.4	640.1
Adjustment provisions for pensions and other non-current provisions	-4.1	-5.8	1.3	-8.5
Adjustment deferred taxes	0.8	0.9	-0.2	1.4
Adjusted	840.9	-162.8	-37.3	633.0

Due to this adjustment, earnings per share (basic/diluted) for 2012 decreased from EUR -1.34 to EUR -1.38.

With the exception of IAS 19R, the amendments to the standards and interpretations did not have a material impact on the uniform accounting policies applied by the Group or on these interim consolidated financial statements of SCHMOLZ+BICKENBACH AG. There are three new and revised standards and interpretations whose application is mandatory but which have no material impact on the consolidated financial statements of SCHMOLZ+BICKENBACH AG. These are the consolidation standards IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities". IFRS 10 provides a uniform definition of the term "control" to offer a uniform basis for the existence of a parent-subsidiary relationship and the related scope of consolidation. IFRS 11 governs the financial reporting by parties to a joint arrangement, i.e. situations in which an entity exercises joint control over a joint venture or joint operation. IFRS 12 combines the disclosures regarding interests in subsidiaries, joint arrangements, associates, and special purpose entities into a single standard. In addition, IAS 27 "Separate Financial Statements" was revised and now solely contains the unchanged provisions on separate financial statements pursuant to IFRSs. Finally, IAS 28 "Investments in Associates and Joint Ventures" was amended and thus adjusted to the new standards IFRS 10, 11 and 12. The new standard IFRS 13 "Fair Value Measurement" explains how to measure fair value to the extent that this is prescribed as a measurement according to other IFRSs; IFRS 13 does not extend the use of fair value measurement. According to the amendment to IAS 1 "Presentation of Financial Statements", entitled "Presentation of Items of Other Comprehensive Income", other comprehensive income (OCI) must in future be grouped on the basis of whether the income and expense items can subsequently be recycled to profit or loss. Other standards and interpretations that became mandatory as at 1 January 2013 were the new interpretation IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine", which deals with accounting for such costs, and "Improvements to IFRS", which amends various standards and interpretations.

6 Scope of consolidation and business combinations

The remaining 24.9% of shares in the already consolidated subsidiary Ardenacier S.A.R.L. (FR) were acquired in February 2013.

7 Seasonal effects

There are slight seasonal effects affecting sales and revenue in all segments of the Group. These effects are attributable to the lower number of working days in the second half of the year due to our customers' vacation periods in July and August as well as the second half of December. These periods are associated with plant downtime in some cases. The effects are particularly pronounced in the third quarter, which is affected by the summer vacation period. Fixed costs are distributed fairly equally over all four quarters, however. Furthermore, the majority of general overhaul work on production and processing plants is carried out over the summer during plant downtime. As a result, expenses for servicing and maintenance as well as capital expenditures are usually at their highest in the third quarter. Inventories of semi-finished and finished goods are usually increased before the summer vacation period starts, i.e. towards the end of the second quarter. This safeguards the supply of customers after the end of the vacation period and has the effect that net working capital usually peaks around this time. In contrast, trade accounts receivable and payable, and with them net working capital, tend to reach their lowest level at year-end due to the reduction in inventories typically seen at the end of the year. Furthermore, the amount of net working capital is significantly affected by commodity prices.

The (cyclical) economic development has a much more pronounced impact than seasonal effects on the development of the Group's earnings, revenue and sales, however.

8 Notes to the consolidated income statement

8.1 Other operating income

million EUR	1.1.–30.9.2013	1.1.–30.9.2012
Income from reversal of provisions	1.9	2.4
Rent and lease income	2.4	1.5
Income from recovery of previously written off receivables and reversal of allowances on receivables	1.1	1.3
Gains on disposal of intangible assets, property, plant and equipment, and financial assets	1.8	0.4
Commission income	0.1	0.4
Net exchange gains/losses	2.5	0.0
Miscellaneous income	19.4	23.1
Total	**29.2**	**29.1**

Exchange rate gains and losses on trade accounts receivable and payable are stated net in the income statement and presented in other operating income or expenses depending on whether the net figure is positive or negative. The net figure breaks down as follows:

million EUR	1.1.–30.9.2013	1.1.–30.9.2012
Exchange gains	13.2	34.2
Exchange losses	10.7	36.4
Net exchange gains/losses	**2.5**	**-2.2**

Miscellaneous income comprises a number of individually immaterial items which cannot be allocated to another line item.

8.2 Other operating expenses

million EUR	1.1.–30.9.2013	1.1.–30.9.2012
Freight	77.4	81.6
Maintenance, repairs	48.6	52.7
Rent and lease expenses	25.4	26.3
Advisory, audit and IT services	26.5	22.6
Insurance fees	10.0	10.7
Commission expense	7.0	9.2
Non-income taxes	7.3	8.1
Net exchange gains/losses	0.0	2.2
Losses on disposal of intangible assets, property, plant and equipment, and financial assets	0.3	3.4
Miscellaneous expense	66.4	76.9
Total	**268.9**	**293.7**

The increase in advisory, audit and IT services was related to the search for investors, the strategy review, measures to reduce debt, and litigation. Miscellaneous expense comprises a number of individually immaterial items which cannot be allocated to another line item.

8.3 Financial result

million EUR	1.1.–30.9.2013	1.1.–30.9.2012 [1]
Interest income	0.8	1.2
Other financial income	8.3	3.7
Financial income	**9.1**	**4.9**
Interest expense on financial liabilities	-72.1	-50.8
Interest expense on pension provisions	-6.1	-6.8
Capitalised borrowing costs	1.8	1.2
Other financial expense	-5.7	-1.9
Financial expense	**-82.1**	**-58.3**
FINANCIAL RESULT	**-73.0**	**-53.4**

[1] Adjusted to IAS 19R.

Other financial income and other financial expense contain gains and losses from marking interest rate derivatives to market. In the third quarter of 2013, these items also contain exchange rate gains and losses on intercompany financial receivables and liabilities.
Interest expense on financial liabilities includes transaction costs of EUR 15.5 million (1.1.–30.9.2012: EUR 6.8 million) that were recognised through profit and loss over the term of the respective financing agreements.

8.4 Income taxes

million EUR	1.1.–30.9.2013	1.1.–30.9.2012 [1]
Current taxes	10.8	13.5
Deferred taxes	-5.4	7.5
Income taxes	**5.4**	**21.0**

[1] Adjusted to IAS 19R.

The local tax rates used to determine current and deferred taxes have not changed materially in comparison to the prior year. The effective group tax rate for the third quarter of 2013 was -13.8% (1.1.–30.9.2012: -338.7%). This rate considers the tax rates of the individual countries in which the Group operates, weighted for earnings before taxes. The change in effective group tax rate is mainly attributable to the continuing loss situation at German group companies. Following the recognition of extensive impairment losses on deferred tax assets that had previously been recognised on loss carryforwards as at 31 December 2012, no further deferred tax assets were recognised because their future use is uncertain. Following the change of control in the third quarter of 2013, tax loss and interest carryforwards in Germany lapsed. Deferred tax assets on tax loss and interest carryforwards were impaired by EUR 0.6 million as at 30 September 2013.

The net change in deferred tax assets and liabilities breaks down as follows:

million EUR	2013	2012 [1]
Balance as at 1.1.	23.2	62.1
Changes recognised in profit and loss	5.4	-7.5
Changes recognised in other comprehensive income	-4.9	8.5
Foreign currency effects	0.7	-0.7
Balance as at 30.9.	**24.4**	**62.4**

[1] Adjusted to IAS 19R.

9 Notes to the consolidated statement of financial position

9.1 Intangible assets and property, plant and equipment

Capital expenditures totalling EUR 61.7 million (1.1.–30.9.2012: EUR 85.4 million) break down into additions to intangible assets of EUR 1.4 million (1.1.–30.9.2012: EUR 1.5 million) and additions to property, plant and equipment of EUR 60.3 million (1.1.–30.9.2012: EUR 83.9 million). Most of the additions relate to the Production Division.

9.2 Inventories

million EUR	30.9.2013	31.12.2012
Raw materials, consumables and supplies	107.1	107.8
Semi-finished goods and work in progress	288.1	280.5
Finished products and merchandise	439.7	482.1
Total	**834.9**	**870.4**

9.3 Provisions

The following updated discount rates were used to remeasure pension obligations compared to 31 December 2012:

in %	30.9.2013	31.12.2012
Switzerland	2.1	1.7
Euro area	3.4	3.3
USA	4.5	3.7
Canada	4.5	4.0

Actuarial gains of EUR 21.9 million after tax (1.1.–30.9.2012: actuarial losses of EUR 22.2 million) were recorded in other comprehensive income. These gains primarily reflect the higher discount rates and the better return on plan assets.

9.4 Financial liabilities

Negotiations with the lending banks were initiated at the end of 2012 and resumed in early 2013 once the medium-term planning had been updated and approved by the Board of Directors. The financial covenants defined in the individual financing agreements were adjusted to the Group's new financial position and results of operations for the remaining terms of the agreements. Customary market fees were payable for adjusting the syndicated loan agreement, the ABS financing programme and the KfW Ipex loan; the margins payable on the base rate were adjusted.

The Group's financial liabilities break down as follows as at 30 September 2013:

million EUR	30.9.2013	31.12.2012
Syndicated loan	309.2	322.1
Other bank loans	47.9	72.4
Bond	0.0	242.2
Liabilities from finance leases	6.8	8.2
Other financial liabilities	1.7	2.1
Total non-current	**365.6**	**647.0**
Syndicated loan	150.0	35.0
Other bank loans	27.3	29.5
Bond	243.9	0.0
ABS financing programme	222.6	235.6
Liabilities from finance leases	2.1	2.1
Other financial liabilities	10.3	4.1
Total current	**656.2**	**306.3**

As at 30 September 2013, the Group planned to repay a portion of the syndicated loan of up to EUR 150 million and a portion of the KfW Ipex loan of USD 8 million following receipt of proceeds from the capital increase; these financial liabilities are therefore also presented as current. The actual amounts repaid at the beginning of October 2013 were EUR 138 million for the syndicated loan and USD 8 million for the KfW Ipex loan.

Due to the change of control triggering put options for the bond creditors, the bond was reclassified, at its carrying amount, from non-current to current liabilities as at 30 September 2013. By the end of the option period, bond creditors had exercised put options with a total volume of EUR 1.0 million. Other current financial liabilities include accrued interest for the bond of EUR 9.6 million (31.12.2012: EUR 3.3 million).

SCHMOLZ+BICKENBACH had available liquidity and credit lines of approximately EUR 260 million as at 30 September 2013.

10 Notes to the consolidated statement of cash flow

Interest paid includes one-off payments of EUR 11.0 million made in connection with adjusting the financing agreements at the beginning of March 2013. Cash flow from financing activities includes cash paid for transaction costs of EUR 10.2 million incurred in connection with the capital increase carried out in October 2013.

11 Contingent liabilities and other financial obligations

The low level of contingent liabilities from guarantees and warranties as well as from purchase commitments (EUR 55.4 million; 31.12.2012: EUR 85.5 million) is primarily attributable to the reduction in warranties to commodity suppliers.

A prospectus liability suit was filed against SCHMOLZ+BICKENBACH by a bond creditor in 2012 in connection with the bond issue in the USA. The Group believes the action to be without merit. Provisions have been set up for legal costs beyond the costs covered by prospectus liability insurance.

12 Disclosures about fair value measurement

Available-for-sale financial assets and derivative financial instruments are measured at fair value as at 30 September 2013. In accordance with the requirements of IFRS 13, financial instruments recognised at fair value in the statement of financial position are allocated to one of the following three levels of the fair value hierarchy:

Level 1:
Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2:
Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3:
Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

There were no transfers between the individual levels during the reporting period. Derivative financial instruments are measured using the valuation provided by the banks on the basis of future cash flows.

In 2013 the sales process was initiated for a non-operating property allocated to “Other”. As at 30 June 2013 it had been considered highly probably that the sale would be completed and the property was reclassified as held for sale accordingly and an impairment loss of EUR 1.2 million was recorded on the fair value less costs to sell. The sales process was successfully completed as at 30 September 2013 and the asset was derecognised.

The price of our bond, which is carried at amortised cost, increased from 86.0% to 107.5% over the first nine months of the fiscal year.

As at their respective reporting dates, the following classification applies to financial instruments measured at fair value:

million EUR	Carrying amount 30.9.2013	Level 1	Level 2	Level 3	Fair value as at 30.9.2013
Financial assets					
Financial assets available for sale	0.4	0.4	0.0	0.0	0.4
Positive market values of derivative financial instruments					
- Derivatives with hedging relationship (hedge accounting)	0.0	0.0	0.0	0.0	0.0
- Derivatives without hedging relationship (no hedge accounting)	4.6	0.0	4.6	0.0	4.6
Financial liabilities					
Negative market values of derivative financial instruments					
- Derivatives with hedging relationship (hedge accounting)	0.2	0.0	0.2	0.0	0.2
- Derivatives without hedging relationship (no hedge accounting)	4.8	0.0	4.8	0.0	4.8

13 Segment reporting

Until the end of July 2013, the Group's segments reflected its internal reporting and organisational structure, consisting of three divisions: Production, Processing and Distribution + Services. The strategic realignment of the SCHMOLZ + BICKENBACH Group agreed in June 2013 includes concentrating on the production entities. This decision, together with the departure of the former COO Marcel Imhof, led to a change in Group's internal organisational and reporting structure. The entities previously allocated to the Processing Division were re-allocated to the Production Division. The Production Division will be supported by the Sales & Services Division, which was set up to underpin

	Production		Sales & Services	
million EUR	**1.1.– 30.9.2013**	1.1.– 30.9.2012 [1]	**1.1.– 30.9.2013**	1.1.– 30.9.2012 [1]
Third-party revenue	1 637.8	1 802.3	886.9	1 004.6
Intersegment revenue	332.5	354.5	5.1	5.9
Total revenue	**1 970.3**	**2 156.8**	**892.0**	**1 010.5**
Segment result (= adjusted EBITDA) [2]	**128.6**	**147.3**	**14.4**	**17.1**
Adjustment	-0.7	0.0	-0.4	-9.9
Operating profit before depreciation and amortisation (EBITDA)	**127.9**	**147.3**	**14.0**	**7.2**
Depreciation and amortisation of property, plant and equipment and intangible assets	-81.8	-79.4	-7.8	-8.8
Impairment of property, plant and equipment, intangible assets and assets held for sale	0.0	0.0	0.0	0.0
Operating profit (EBIT)	**46.1**	**67.9**	**6.2**	**-1.6**
Financial income	3.1	5.0	6.2	1.3
Financial expense	-35.8	-33.9	-21.2	-14.3
EARNINGS BEFORE TAXES (EBT)	**13.4**	**39.0**	**-8.8**	**-14.6**
Segment assets [3]	1 820.8	1 953.8	527.3	594.9
Segment liabilities [4]	254.5	370.3	147.5	205.9
Segment assets less segment liabilities (capital employed)	**1 566.3**	**1 583.5**	**379.8**	**389.0**
Segment investments [5]	56.9	77.2	4.5	6.7
Operating Free Cash Flow [6]	47.6	71.5	-10.1	34.8
Employees	7 731	7 942	2 274	2 311

1) Adjusted to IAS 19R.
2) Adjusted EBITDA: Operating profit before amortisation, depreciation, restructuring expenses and non-recurring expenses and income.
3) Segment assets: Intangible assets (excluding goodwill) + property, plant and equipment + inventories + trade accounts receivable (total matches total assets in the statement of financial position).

Carrying amount 31.12.2012	Level 1	Level 2	Level 3	Fair value as at 31.12.2012
0.3	0.3	0.0	0.0	0.3
0.0	0.0	0.0	0.0	0.0
2.2	0.0	2.2	0.0	2.2
0.2	0.0	0.2	0.0	0.2
10.5	0.0	10.5	0.0	10.5

this strategy with a strong focus on the sale of own products. Led by central management, Sales & Services combines the activities previously within the remit of Distribution + Services. With effect as at August 2013 the Group is thus managed on the basis of two operating segments: Production and Sales & Services. The indicators reported at segment level were extended to include operating free cash flow. In future the segment result will be expressed by adjusted EBITDA.

The table below shows the segment reporting as at 30 September 2013. Comparative figures were restated accordingly:

		Reconciliation					
Total operating segments		Other activities		Eliminations/adjustments		Total	
1.1.–30.9.2013	1.1.–30.9.2012 [1]	**1.1.–30.9.2013**	1.1.–30.9.2012 [1]	**1.1.–30.9.2013**	1.1.–30.9.2012 [1]	**1.1.–30.9.2013**	1.1.–30.9.2012 [1]
2 524.7	2 806.9	0.0	0.0	0.0	0.0	2 524.7	2 806.9
337.6	360.4	0.0	0.0	-337.6	-360.4	0.0	0.0
2 862.3	**3 167.3**	**0.0**	**0.0**	**-337.6**	**-360.4**	**2 524.7**	**2 806.9**
143.0	**164.4**	**-8.1**	**-12.4**	**0.9**	**0.4**	**135.8**	**152.4**
-1.1	-9.9	-8.1	-5.2	0.0	0.0	-9.2	-15.1
141.9	**154.5**	**-16.2**	**-17.6**	**0.9**	**0.4**	**126.6**	**137.3**
-89.6	-88.2	-1.9	-1.9	0.0	0.0	-91.5	-90.1
0.0	0.0	-1.2	0.0	0.0	0.0	-1.2	0.0
52.3	**66.3**	**-19.3**	**-19.5**	**0.9**	**0.4**	**33.9**	**47.2**
9.3	6.3	59.2	45.3	-59.4	-46.7	9.1	4.9
-57.0	-48.2	-84.5	-56.8	59.4	46.7	-82.1	-58.3
4.6	**24.4**	**-44.6**	**-31.0**	**0.9**	**0.4**	**-39.1**	**-6.2**
2 348.1	2 548.7	7.4	13.6	81.7	69.4	2 437.2	2 631.7
402.0	576.2	1.5	1.9	1 437.4	1 261.6	1 840.9	1 839.7
1 946.1	**1 972.5**						
61.4	83.9	0.3	1.5	0.0	0.0	61.7	85.4
37.5	106.3	-5.8	-15.2	-0.8	-2.2	30.9	88.9
10 005	10 253	94	112	0.0	0.0	10 099	10 365

4) Segment liabilities: Trade accounts payable (total matches total liabilities in the statement of financial position).
5) Segment investments: Additions to intangible assets (without goodwill) + additions to property, plant and equipment (without reclassification from assets held for sale).
6) Operating Free Cash Flow: Adjusted EBITDA +/- change in inventories, trade accounts receivable less trade accounts payable – segment investments less borrowing costs.

14 Related parties

The Group's related parties changed following the takeover by Venetos Holding AG of 25.3% of the shares in SCHMOLZ + BICKENBACH AG, which was associated with a modified shareholder structure and the election of a new Board of Directors at the extraordinary general meeting of 26 September 2013. From the date of entry in the share register in the third quarter of 2013, Venetos Holding AG and its affiliates (Renova Group) meet the definition of a related party in accordance with IAS 24.

SCHMOLZ + BICKENBACH AG agreed to pay Venetos Holding AG and SCHMOLZ + BICKENBACH GmbH & Co. KG an acquisition fee of CHF 2.6 million in connection with the capital increase. It also agreed to assume certain expenses incurred by these companies, i.e. consulting fees of up to CHF 2 million. The possibility of covering further costs of up to CHF 2 million has not been excluded. A fee of EUR 0.5 million was agreed with Venetos Holding AG for financing in connection with the put option on the bond.

From 2013 onwards some members of the Executive Board and a selected group of other executive employees will receive part of their variable remuneration in the form of shares in SCHMOLZ + BICKENBACH AG. There is no future performance caveat attached to the purchase of these shares. However, they are subject to a vesting period in which they cannot be transferred, pledged or encumbered in any other way. Expenses of EUR 0.4 million were recognised for share-based payments in the first three quarters of 2013 and offset against retained earnings (accumulated losses). The fair value of the allocated shares equals 25% of the variable remuneration to be paid out in shares. As a result, the actual number of shares and the definitive fair value per share determined in the subsequent year are not relevant for calculating personnel costs.

The settlement negotiations with a former Chairman of the Board of Directors relating to the improper separation of private and company expenses, which resulted in his immediate resignation in December 2011, were completed without an agreement being reached. The Board of Directors subsequently filed a suit against the former Chairman of the Board of Directors in April 2013. Settlement negotiations were resumed in November 2013.

15 Subsequent events

An ordinary capital increase of CHF 438 million with a preceding capital reduction was agreed at the extraordinary general meeting of 26 September 2013. The subscription period ran from 1 October 2013 to 8 October 2013. The reduction in par value and the capital increase were registered on 8 October 2013.

The proceeds from the capital increase were used to repay EUR 138 million of the syndicated loan and USD 8 million of the KfW Ipex loan as planned.

As issuer, SCHMOLZ + BICKENBACH Luxembourg S.A. fulfilled its duty regarding the put option triggered by the change of control and offered to buy back the bond at the contractually agreed price of 101% on 11 October 2013. By the end of the option period, bond creditors had exercised put options with a total volume of EUR 1.0 million. On 12 November 2013, SCHMOLZ + BICKENBACH Luxembourg S.A. exercised its right to buy back up to 35% of the nominal value of the bond (including the portion covered by the put option) from the bond creditors at a price of 109.875% in an equity clawback. The implementation period runs until 19 December 2013. Non-recurring expenses in the region of EUR 14 million (premium of 9.875% plus proportionate share of cost allocation of the debt discount and original issue costs) are expected in the fourth quarter of 2013 in connection with the early redemption of a portion of the bond.

On 4 November 2013, the new Board of Directors passed a resolution to carry out further restructuring measures at the German distribution companies. These will lead to non-recurring restructuring expenses of about EUR 16.5 million being recorded in the fourth quarter. At the same time, the Company is continuing to evaluate strategic alternatives for these operations.

Expenses of about EUR 2.0 million will be incurred in the fourth quarter of 2013 for the planned restructuring of SCHMOLZ + BICKENBACH Distribution Italy.

MEMBERS OF THE BOARD OF DIRECTORS

The overview below shows the composition of the Board of Directors until 26 September 2013 and following the election of a new Board of Directors at the extraordinary general meeting of 26 September 2013.
The members of the Board of Directors are all non-executive.

Board of Directors until 26 September 2013

Dr Hans-Peter Zehnder (CH)
Year of birth 1954
Chairman
Member of the Nomination and Compensation Committee
Member since 1992

Dr Marc Feiler (DE)
Year of birth 1971
Vice Chairman
Member of the Nomination and Compensation Committee
Member since 2012

Manfred Breuer (DE)
Year of birth 1951
Member
Chairman of the Audit Committee
Member since 2009

Dr Gerold Büttiker (CH)
Year of birth 1946
Member, Member of the Audit Committee and of the Nomination and Compensation Committee
Member since 2003

Carl Michael Eichler (DE)
Year of birth 1965
Member
Member since 2013

Roland Eberle (CH)
Year of birth 1953
Member
Member of the Audit Committee
Member since 2012

Dr Roger Schaack (LU)
Year of birth 1960
Member
Member since 2013

Benoît D. Ludwig (CH)
Year of birth 1945
Member, Chairman of the Nomination and Compensation Committee and Member of the Audit Committee
Member since 2003

Board of Directors from 27 September 2013

Edwin Eichler (DE)
Year of birth 1958
Chairman
Member of the Strategy Committee
Member since 2013
Elected until 2014

Vladimir V. Kuznetsov (RU)
Year of birth 1961
Vice Chairman
Chairman Nomination and Compensation Committee
Member of the Strategy Committee
Member since 2013
Elected until 2014

Michael Büchter (DE)
Year of birth 1949
Member
Member of the Audit Committee
Member since 2013
Elected until 2014

Marco Musetti (CH)
Year of birth 1969
Member
Chairman of the Strategy Committee
Member of the Audit Committee
Member since 2013
Elected until 2014

Dr Heinz Schumacher (DE)
Year of birth 1948
Member
Member of the Nomination and Compensation Committee
Member since 2013
Elected until 2014

Dr Oliver Thum (DE)
Year of birth 1971
Member
Member of the Strategy Committee
Member since 2013
Elected until 2014

Hans Ziegler (CH)
Year of birth 1952
Member, Chairman of the Audit Committee and Member of the Nomination and Compensation Committee
Member since 2013
Elected until 2014

MEMBERS OF THE EXECUTIVE COMMITTEE

The overview below shows the composition of the Executive Board and Business Unit Management as at 30 September 2013.

Executive Board

Johannes Nonn (DE)
Year of birth 1965
Chief Executive Officer
Joined: 2013

Hans-Jürgen Wiecha (DE)
Year of birth 1962
Chief Financial Officer
Joined: 2013

Production Division

Johannes Nonn (DE)
Year of birth 1965
Head of Production Division
Joined: 2013

Carlo Mischler (CH)
Year of birth 1958
Business Unit Head
Swiss Steel
Joined: 1998

Dr Martin Löwendick (DE)
Year of birth 1972
Business Unit Head
Deutsche Edelstahlwerke
Joined: 2010

Patrick Lamarque d'Arrouzat (FR)
Year of birth 1965
Business Unit Head
Ugitech
Joined: 1990

Bruce C. Liimatainen (US)
Year of birth 1956
Business Unit Head
Finkl/Sorel
Joined: 1977

Gerd Münch (DE)
Year of birth 1962
Business Unit Head
S+B Bright Bar
Joined: 1991

Sales & Services Division

Thiery Crémailh (FR)
Year of birth 1961
Head of Sales & Services Division
Joined: 2007

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